

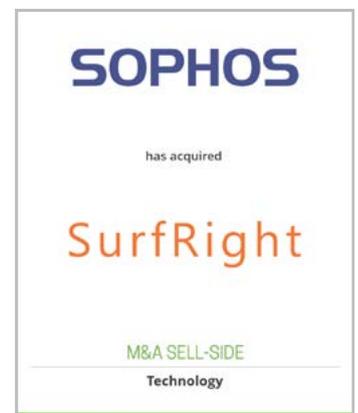


TECHNOLOGY  
Deal flash, January 2016

## CONSOLIDATION MAINTAINS ITS PACE IN THE CYBER SECURITY MARKET

### Deal snapshot

- The Netherlands-based next generation endpoint security software developer SurfRight was successfully sold to UK-based Sophos Group PLC, a global leader in network and end user security solutions.
- SurfRight develops software technologies for Windows operating systems to prevent, detect and remediate cyber attacks, including exploits, ransomware and other modern and prevalent malware.
- Sophos is a global provider of cloud-enabled end user and network security solutions. It offers organizations of all sizes comprehensive protection against known and unknown IT security threats that is simple to deploy, manage and use.
- The acquisition offers Sophos high strategic value as SurfRight's complementary product portfolio will accelerate Sophos' growth in the coming years.



### What our client and buyer said



**Mark Loman**, CEO, SurfRight, the Netherlands

"We are thrilled to become part of Sophos as our cooperation will enable us to tap into their resources and deliver our technology to businesses worldwide. SurfRight's unique endpoint security software complements Sophos' offering, and we believe the combined companies can even better serve our existing and future clients. Oaklins' Dutch team advised us during the sale process, which resulted in a successful transaction with Sophos in a limited time frame."



**Ari Buchler**, General Counsel and Senior Vice President, Corporate Development, Sophos, United Kingdom

"SurfRight is an established business with proven security capabilities that complement our growing portfolio of next generation end user protection. We were pleased with the speed and efficiency at which the transaction was executed and look forward to welcoming the SurfRight team to Sophos."



## Our role in the transaction

- Oaklins' Dutch team originated the deal and acted as lead advisor to the shareholders of SurfRight.
- The team set up an international competitive process leveraging its in-depth sector expertise and global reach.

## Market trends and deal drivers

- Increasingly more data is connected to the internet, and the financial and political rewards for illegally accessing that data so outweigh the risks that it is believed that both the volume and sophistication of cyber attacks will continue to grow. This will fuel the IT security market.
- In critical areas such as firewall, anti-virus, email, access and identity management there has been a broad deployment of technologies over the past two decades. Nevertheless, the number of attacks has significantly increased, particularly in the last few years.
- The dramatic increase in both the number and effectiveness of attacks has put pressure not only on the corporate world but also on governments at all levels to more effectively lock down key cyber assets, including data, finances and applications. Cyber security has emerged as the leading priority for corporate IT. Consequently, IT budgets for security have seen a noticeable uptick from last year while spending is envisaged to continue strongly into 2016–2020.
- To benefit from this increased IT security importance, established names are likely to buy technology tuck-ins. This is already visible in the market.

## M&A valuation aspects

- Transactions in the IT security industry space with scalable assets typically go for sales multiples. SurfRight was potentially of great strategic value providing unmatched endpoint security software.
- SurfRight showed consecutive double-digit growth over recent years.
- The initial transaction value was US\$31.8 million. Financial figures have not been disclosed but the transaction represents an attractive sales multiple.

## Oaklins industry expert



✉ **Frederik van der Schoot**, Partner, Oaklins, the Netherlands

Frederik leads the Dutch technology team and has broad experience in M&A, with specific focus on large corporate and technology transactions. "In the last few years we have seen a rapidly growing endpoint security market as the need for cyber security increases continuously. As a consequence, customer purchasing has centralized and they want to work with fewer security vendors. This drives consolidation in the market, which is expected to maintain its pace in the coming 18 months as acquisitions will unlock strategic up- and cross-selling value for both the target and the acquirer."

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